



**Auditor of State
Betty Montgomery**

**MOSCOW COMMUNITY IMPROVEMENT CORPORATION
CLERMONT COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Moscow Community Improvement Corporation
Clermont County
PO Box 93
Moscow, Ohio 45153

To the Board of Trustees:

We have audited the accompanying financial statements of the Moscow Community Improvement Corporation, Clermont County, Ohio (the Corporation), as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Moscow Community Improvement Corporation, Clermont County, Ohio as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2004 on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

December 15, 2004

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**MOSCOW COMMUNITY IMPROVEMENT CORPORATION
CLERMONT COUNTY**

**BALANCE SHEET
AS OF DECEMBER 31, 2003 AND 2002**

	2003	2002
<u>Assets</u>		
Cash and Cash equivalents	\$ 10,564	\$ 11,064
Land	2,187	2,187
Total Assets	\$ 12,751	\$ 13,251
<u>Liabilities and Fund Equity</u>		
<u>Current Liabilities</u>		
Accounts Payable	323	-
Total Liabilities	\$ 323	\$ -
<u>Fund Equity</u>		
Contributed Capital	2,187	2,187
Retained Earnings	10,241	11,064
Total Fund Equity	12,428	13,251
Total Liabilities and Fund Equity	\$ 12,751	\$ 13,251

The notes to the financial statements are an integral part of this statement.

**MOSCOW COMMUNITY IMPROVEMENT CORPORATION
CLERMONT COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	2003	2002
<u>Operating Revenues</u>		
Transfer from Village	\$ -	\$ 10,000
Total Operating Revenues	-	10,000
<u>Operating Expenses</u>		
Legal Expenses	823	1,691
Other Expenses		184
Total Expenses	823	1,875
Operating Income	(823)	8,125
Retained Earnings, January 1	11,064	2,939
Retained Earnings, December 31	\$ 10,241	\$ 11,064

The notes to the financial statements are an integral part of this statement.

**MOSCOW COMMUNITY IMPROVEMENT CORPORATION
CLERMONT COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002**

	2003	2002
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
<u>Cash Flows From Operating Activities:</u>		
Cash from the Village of Moscow	\$ -	\$ 10,000
Cash payments to suppliers for goods and services	(500)	(1,875)
Net cash provided by operating activities	(500)	8,125
Net increase in cash	(500)	8,125
Cash and cash equivalents at beginning of year	11,064	2,939
Cash and cash equivalents at end of year	\$ 10,564	\$ 11,064
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>		
Operating Income	\$ (823)	\$ 8,125
<u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u>		
Changes in Liabilities:		
Increase in Accounts Payable	323	-
Net Cash Used for Operating Activities	\$ (500)	\$ 8,125

The notes to the financial statements are an integral part of this statement.

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**MOSCOW COMMUNITY IMPROVEMENT CORPORATION
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Moscow Community Improvement Corporation, Clermont County, Ohio (the Corporation), is a not-for-profit corporation established under Ohio Revised Code, Chapters 1702 and 1724, for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of the Village of Moscow, Clermont County, Ohio. The Corporation was incorporated in 1999 as the Community Improvement Corporation of New Richmond, Ohio. The Articles of Incorporation established for the Corporation required 7 trustees which shall include the Mayor of the Village of Moscow, three Council members of the Village of Moscow, and three other persons who or who may not be Council members.

The Corporation's management believes these financial statements present all activities for which the Corporation is financially accountable.

B. Basis of Accounting/Measurement Focus

The preparation of financial statements in conformity with auditing standards generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure or contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The more significant of the School's accounting policies are described below.

The Corporation uses enterprise accounting to track and report on its financial activities. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the balance sheet. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

Revenues are recognized when they are earned. Expenses are recognized when they are incurred.

**MOSCOW COMMUNITY IMPROVEMENT CORPORATION
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fixed Assets

Fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The Corporation does not possess any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

D. Contributed Capital

Contributed Capital represents the donation of land from the Village of Moscow to the Corporation in 1999. The land is recorded at fair market value on the date contributed.

E. Income Tax Status

The Corporation has obtained their 501(c)(3) tax exempt status. The Board is not aware of any course of action or series of events that have occurred that might adversely affect the Corporation's tax exempt status.

F. Fiscal Agent

The Village of Moscow is the Corporation's fiscal agent. The Village maintains the Corporation funds in the Village's cash pool as a special revenue fund.

2. CASH

The Village of Moscow maintains a cash pool for all of its funds, including those of the Corporation. The Ohio Revised Code prescribes allowable deposits. The Corporation's carrying amount of cash on deposit at December 31, 2003 and 2002 were \$10,564 and \$11,064, respectively.

The Village of Moscow is responsible for maintaining adequate depository collateral for all funds in the Village's pooled cash and depository accounts.

3. REVENUE FROM THE VILLAGE OF MOSCOW

During fiscal year 2002, \$10,000 was transferred from the Village of Moscow to the Corporation for the benefit of the Corporation. This transaction is reflected on the financial statements as Transfer from Village.

4. FIXED ASSETS/CONTRIBUTED CAPITAL

The Corporation received a parcel of land from the Village of Moscow as a donation in February 1999. This land is valued at fair market in the amount of \$2,187 and is recorded as contributed capital for the same amount. There have been no changes in contributed capital.

5. RISK MANAGEMENT

The Corporation is insured for general liability insurance under the Village of Moscow's policy.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Moscow Community Improvement Corporation
Clermont County
PO Box 93
Moscow, Ohio 45153

To the Board of Trustees:

We have audited the accompanying financial statements of the Moscow Community Improvement Corporation, Clermont County, Ohio (the Corporation), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated December 15, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Corporation in a separate letter dated December 15, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a certain matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Corporation in a separate letter dated December 15, 2004.

This report is intended for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 15, 2004

MOSCOW COMMUNITY IMPROVEMENT CORPORATION
CLERMONT COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-50413-001	Reportable Condition: Effective monitoring controls had not been implemented.	Partially Corrected	See management letter.



**Auditor of State
Betty Montgomery**

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MOSCOW COMMUNITY IMPROVEMENT CORPORATION

CLERMONT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 30, 2004**